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December 5, 1997

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, D.C. 20554

**RECEIVED**  
DEC 5 - 1997  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: Ex Parte Meeting  
CC Dkt. No. 97-208 Applications by BellSouth Telecommunications, Inc. and  
BellSouth Long Distance, Inc. for Provisioning of In-Region, interLATA Service in  
South Carolina.

Dear Ms. Roman Salas:

On Thursday, December 4, 1997, Stephen C. Garavito and I of AT&T met with Kyle Dixon, Legal Advisor to Commissioner Powell. The purpose of this meeting was to discuss the issues raised in BellSouth's aforementioned application. In addition to the issues raised in AT&T's Comments, AT&T representatives also discussed BellSouth's proposal to require collocation as a prerequisite to a new entrant obtaining access to unbundled network element combinations and how that proposal will result in degraded customer service and will forestall competitive entry. Attached is an outline of the presentation used at the meeting.

Two copies of this Notice are being submitted on the following business day to the secretary of the Federal Communications Commission in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

*Betsy J. Brady*

Attachments

cc: K. Dixon



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# BellSouth's Section 271 Application for South Carolina

Application by BellSouth Telecommunications, Inc., and BellSouth Long  
Distance, Inc. for Authority to Provision In-Region, InterLATA  
Services in South Carolina, CC Docket No. 97-208

## BellSouth Has Maintained Significant Barriers to Entry in South Carolina

- Failure to provide nondiscriminatory access to its OSSs.
- Failure to provide nondiscriminatory access to UNEs and combinations of UNEs.
- Failure to offer all services for resale in compliance with the Act.
- Failure to provide cost-based interconnection and UNE prices.
- Failure to Provide Performance Measurements Which Demonstrate Parity

## BellSouth Does Not Meet The Pricing Checklist Requirement

- BellSouth has stated FCC has no authority to address pricing and has provided NO pricing evidence with its application.
- Most UNE prices were taken from interconnection agreements approved by SCPSC without any cost support.
- All non recurring charges were approved by SCPSC with no cost support in the South Carolina 271 proceeding.
- BellSouth refused to file geographically deaveraged loop prices.

## BellSouth Has Requested Drastically Higher Permanent Rates That Recover Embedded Costs

- BellSouth has proposed a revenue replacement rate element in UNE prices designed to “keep the company whole.”
- BellSouth cost studies are based on historic, actual costs.
  - Assumes all existing equipment and facilities in network today, including obsolete and unnecessary facilities and equipment.
  - Assumes predominantly manual order process.
  - Utilizes historic fully distributed shared and common cost markup.

## BellSouth Seeks Significantly Higher, Non-Cost-Based Rates

- Loop (2-wire voice grade)
  - FCC Proxy \$17.07/month
  - SGAT \$18.53/month  
\$51.20 nonrecurring charge
  - BellSouth Proposed \$29.57/month  
\$75.75 nonrecurring charge
- Port with features (2-wire analog)
  - SGAT \$2.70/month (features free)  
\$51.20 nonrecurring charge
  - BellSouth Proposed \$10.90/month  
\$66.13 nonrecurring charge
- OSS ordering charge - \$10.90 per electronic order

## BellSouth's Resale Offer Does Not Meet The Checklist

- BellSouth has submitted no cost data.
- BellSouth's methodology and resulting 14.8% discount violate the Act.
- BellSouth refuses to offer contract service arrangements ("CSAs") at a wholesale discount in violation of the Act.
- BellSouth's other restrictions on resale of CSAs violate the Act.

## BellSouth's Resale Operational Support Systems Do Not Meet The Checklist

- The interfaces are not at parity with BellSouth's retail systems.
  - Pre-ordering/ordering interfaces are not integrated.
  - CLEC restriction on telephone numbers not applicable to BellSouth's retail business units.
  - Several state commissions (Fla, Ga, Al) and the DOJ have found the interfaces to be discriminatory.
- Critical primary interfaces (e.g.. LENS, TAFI) are proprietary.
- Essential business rules are not provided.
- Have not yet begun deploying UNE interfaces.



## BellSouth Has Failed To Provide Nondiscriminatory Access To UNEs And Combinations Of UNEs

- BellSouth's collocation proposal will degrade customer service.
  - Creates outages for all CLEC customers.
  - Adds point of failure (cross connects) to all CLEC customer lines.
  - Increased loop lengths creates potential loss on line and makes line testing much more difficult.
- BellSouth's collocation proposal will forestall competitive entry.
  - Exorbitant expenses per carrier.
  - No current combination offer if physical collocation not available.
  - Construction delay.
  - Manual central office work on each order - gates number of customer.

# BellSouth's Proposed Performance Measurement Does Not Demonstrate Parity And Do Not Meet The Checklist

- BellSouth has failed to provide necessary parity performance and comparative data results despite repeated requests.
- The minimal performance data submitted by BellSouth to date clearly demonstrates lack of parity.